

MINUTES
BOARD OF TRUSTEES' CALLED MEETING
October 15, 2013, 11:00 a.m.
Lamar P. Higgins Conference Room
Rosa Parks Library and Museum
Troy University Campus
Montgomery, Alabama

The Troy University Board of Trustees convened in called meeting at 11:00 a.m. on October 15, 2013, in the Lamar P. Higgins Conference Room on the Troy University Montgomery Campus, Montgomery, Alabama.

I. Call to Order

Senator Gerald Dial, President pro tempore of the Board, called the meeting to order. It was noted that four Board members would participate in the meeting by teleconference. It was further noted that only two teleconference participants would cast votes. The designated voting members are noted below under the action item.

II. Roll Call

Upon roll call, the following members, comprising a quorum, answered present: Senator Gerald O. Dial, Mrs. Karen Carter, Mr. Roy H. Drinkard (via teleconference), Mr. Forrest Latta (via teleconference), Mr. John D. Harrison, Dr. R. Douglas Hawkins (via teleconference), Mr. Lamar P. Higgins, Mr. Allen E. Owen, Mr. Charles Nailen, Mr. Gibson Vance (via teleconference), Mr. Gibson Vance (via teleconference) and Mr. Cody Farrill, SGA President (non-voting member). Absent: Governor Robert Bentley and Mr. Ed Crowell.

ACTION: MR. HIGGINS MOVED THAT THE QUORUM FOR THE MEETING BE CERTIFIED FOR ELECTRONIC PARTICIPANTS BY SENIORITY THROUGH THEIR MEMBERSHIP ON THE BOARD. A SECOND TO THE MOTION WAS MADE BY MRS. CARTER. DR. DOUG HAWKINS, WHO WAS PARTICIPATING BY PHONE, STATED THAT BECAUSE OF SCHEDULES OF THE TELEPHONE PARTICIPANTS THEY WERE MAKING A RECOMMENDATION THAT MR. ROY DRINKARD AND MR. FORREST LATTA SERVE AS ELECTRONIC VOTING MEMBERS. AT THAT TIME MR. HIGGINS WITHDREW HIS MOTION. THE CHAIR STATED THAT THE BOARD WOULD CERTIFY MR. ROY DRINKARD AND MR. FORREST LATTA AS ELECTRONIC VOTING MEMBERS.

Senator Dial thanked the Board members for participating in this special called meeting. He then called upon the Chancellor to make a report.

III. Chancellor's Report

Dr. Hawkins gave a brief report and shared with the Board three awards and honors the university has received since the last time the Board met. The awards and honors follow:

- **Military Advanced Education** named TROY as a "military-friendly" university for the second straight year.
- **GI Jobs.com** named TROY in the top 15 percent of all U.S. universities as being "military friendly."
- **GetEducated.com** ranks TROY's undergraduate computer science degree and psychology degree in the top 20 "best buy" in the nation.

Dr. Hawkins also updated the Board in regard to buildings and grounds stating that planning is underway for a new Alumni Hall and Coleman Hall on the Dothan Campus.

In regard to a new student housing facility to replace Alumni Hall, the Chancellor said that total renovation has been discussed at a cost of about \$8M to \$10M to renovate and replacement would be approximately \$16M. Plans for replacement are on the table and Chancellor Hawkins said a resolution will be forthcoming dealing with financing strategy for replacement. The proposed new facility would include a high-tech learning community with 400 beds and will equal approximately \$1.2M a year in revenue. The facility will include single and double rooms, laundry rooms, study rooms, common area, kitchen, convenience store. An architectural rendering was shared as well as a short video on the concept for the new dormitory. Gardner Hall will become an all-male residence hall in the fall of 2014 and Hamil Hall will remain all-female in fall 2014. Chancellor Hawkins said that we will break ground in May as soon as the students move out and the projected completion date is fall 2015.

For the Coleman Hall project, the process for architects has been narrowed down to three architectural firms with the final selection to be made soon. Dr. Hawkins announced that a dedication ceremony has been set for the naming of the R. Terry Everett Hall on the Dothan Campus for November 22nd at 9:00 a.m.

Other information shared by the Chancellor included the following:

- Campaign for TROY PAC in moving along and the Chancellor expressed thanks to Mr. Vance for his participation.
- Homecoming was successful.
- The Alabama-China Symposium held recently on campus received recognition across the country and the Symposium continues to grow.
- Plans are being made for searches for new deans for Health & Human Services and the College for Communication & Fine Arts.
- On October 21-26 commencement exercises will occur in Vietnam and Drs. Earl Ingram and Judson Edwards will meet with new partners in Malaysia to set up three degree programs to begin fall 2014 in business, communications, and psychology.
- A \$500K State Department Grant will fund a partnership between TROY and Georgia Institute of Public Affairs in Tbilisi to build a new graduate program in international development.
- In regard to the Newman Center, Dr. Hawkins thanked Dr. John Schmidt and staff for bringing it forward. A letter from O'Melveny & Myers, LLP regarding the Newman Center was shared with Board members. Dr. Schmidt spoke briefly regarding the university's response to the letter.

Dates to remember were shared and included:

- Thursday, October 31—football vs. University of Louisiana Monroe. The game has been designated for military salute.
- Friday, December 13—Commencement and Board Meeting

Following the Chancellor's report, Senator Dial advised that when Alumni Hall comes up on the agenda and as per prior discussion he plans to recess the Board meeting in order for the Finance Committee to convene with the full Board to discuss the process for Alumni Hall and then come back for Dr. Jim Bookout to make a presentation on Alumni Hall. Mr. Higgins addressed the chair saying that the Board would be in order to add Alumni Hall to the agenda by a four-fifths vote since the item was not on the agenda provided to the Board ten days in advance of the meeting. At this time the following action was taken by the Board:

ACTION: THE CHAIR CALLED FOR A MOTION TO ADD ALUMNI HALL TO THE AGENDA. MR. HIGGINS MADE THE MOTION TO ADD ALUMNI HALL TO THE AGENDA AND MR. HARRISON PROVIDED A SECOND TO THE MOTION. THERE BEING NO FURTHER DISCUSSION, A ROLL CALL VOTE WAS TAKEN. ON THE ROLL CALL VOTE THE FOLLOWING MEMBERS APPROVED THE MOTION BEFORE THE BOARD: SENATOR GERALD DIAL, MRS. KAREN CARTER, MR. ROY DRINKARD (via teleconference), Mr. JOHN HARRISON, MR. LAMAR P. HIGGINS, MR. FORREST LATTA (via teleconference), MR. CHARLES NAILEN AND MR. ALLEN OWEN. HAVING TAKEN A ROLL CALL VOTE, THE MOTION PASSED TO ADD ALUMNI HALL TO THE AGENDA.

Before moving forward with the agenda, the Chancellor responded to questions and comments from Board members in regard to the Newman Center.

At this time, the chair recessed the Board meeting to allow the Board's Finance Committee to meet.

IV. Alumni Hall, Mr. John Harrison

Mr. Harrison called the Finance Committee to order and expressed his thanks for everyone attending on such short notice. He made brief introductory comments about the new student housing facility to replace Alumni Hall saying that the resolution being presented today would authorize the Chancellor to pursue a financial plan. Mr. Harrison called upon Dr. Jim Bookout to share information regarding the financial strategy for Alumni Hall.

Dr. Bookout shared detailed information on the configuration of the space of the facility, and cash flow analysis. He projected that with 400 bed capacity approximately \$2.4M will be generated in revenue which would increase approximately three percent per year tied to inflation. Dr. Bookout said that considering utilities, etc. we believe there will be a positive cash flow of approximately \$600,000 the first year. The following four strategies were discussed by the Finance Committee and shared by Dr. Bookout:

1. Refund (cash out) the 2005 issue with a \$4 million balance paying 4% with debt payments of \$727,000. We are in the current call period and need 30 day's notice to bondholders in order to call the bonds, by November 30, OR;
2. Issue a 2013 Bond Series to finance the new housing facility at a maximum amount of \$16 million, financed over 15 years at 3.7% with debt payments of \$1,395,000, OR;
3. Do NOT refund the 2005 issue and use \$ 6 million cash to fund the construction of the new housing facility AND secure a \$10 million 2013 bond issue for \$10 million, financed over 15 years at 3.7% with debt service payments totaling approximately \$868,000, OR;
4. Issue 2013 Series A Bonds - Refund the 2005 Bond issue at an estimated 2% for the remaining 7 years with debt payments of \$697,000 AND issue 2013 Series B Bonds -New money issue at \$10 million, financed over 15 years at 3.7%, use \$6 million cash from reserves. The present value of the interest savings on the refund of 2005 and issuance of Series A bonds will be approximately \$215,603

In summary, Dr. Bookout stated that the proposal is to have a two series issue—(1) to refund the 2005 issue at approximately \$4M, and (2) to issue a new bond Series B for \$10M over 15 years negotiating the interest rate from 3.7% down and then spending \$6M out of reserves to complete the construction of the facility to replace Alumni Hall.

Mr. Harrison added that based upon what he has heard and seen it would be a very wise use of our resources to make this move. He said the timing is perfect and apologized for the called meeting today. Mr. Harrison added that he would like the Board to consider issuing the 2013 Series A Bond to refund 2005 at a lower rate with a savings of \$215,000 and issue a new bond Series B for \$10M negotiating the interest rate at 3.7% or less on a 15 year period. Mr. Harrison wanted approval from the Finance Committee before going back into session with the full Board.

At this time, Mr. Higgins stated that according to the Board's Bylaws, that since the Board added the Alumni Hall agenda item to today's agenda by four-fifths vote, the Finance Committee did not need to make a recommendation to bring it before the Board. The chair advised that a request was made by the Finance Committee that it come through the Finance Committee and that is why this step has been taken today. The chair added that Mr. Higgins was correct but the Finance Committee made the request to meet and present it.

The following action was taken:

ACTION: AS A MEMBER OF THE FINANCE COMMITTEE, MR. ALLEN OWEN MADE A MOTION THAT THE COMMITTEE MOVE FORWARD WITH MR. HARRISON'S RECOMMENDATIONS. MR. HARRISON, CHAIR OF THE BOARD'S FINANCE COMMITTEE, CALLED FOR A SECOND TO MOVE FORWARD WITH THE RECOMMENDATION. MR. VANCE, A MEMBER OF THE FINANCE COMMITTEE, PROVIDED A SECOND. DISCUSSION WAS HELD WITH A QUESTION FROM MR. NAILEN. MR. NAILEN ADDRESSED THE REVENUE PROJECTIONS ASKING IF IT IS IN LINE WITH WHAT WE ARE CHARGING FOR OTHER RESIDENCE HALLS. DR. BOOKOUT RESPONDED SAYING THAT THE THEME FOR THIS PROJECT IS HIGH TECH AND THE PROPOSED FACILITY WILL ONE OF THE MOST HIGH TECH RESIDENTIAL FACILITIES IN THE COUNTRY. HAVING SAID THAT, DR. BOOKOUT ADDED THAT THE PRICE POINT WILL BE A LITTLE HIGHER AND THEN THE NEXT HIGHEST WOULD BE TROJAN VILLAGE. PRICE RANGE FOR THE NEW FACILITY WOULD BE FROM \$3,000 A TERM FOR THE SINGLE ROOM AND \$2,400 PER TERM FOR THE DOUBLE ROOMS. THESE FIGURES ARE IN COMPARISON TO \$2,645 AT TROJAN VILLAGE. MR. NAILEN ALSO ASKED IF THE COST INVOLVED IN ALUMNI BEING OFF LINE FOR A FULL ACADEMIC YEAR HAD BEEN FACTORED IN. DR. BOOKOUT RESPONDED THAT AS THE CHANCELLOR MENTIONED THE REVENUE GENEREATED WOULD BE \$1.2M. BUT

AS WE MOVE FORWARD AND BASED ON AN ENGINEERING STUDY ON ALUMNI HALL, THE CONTINUED DETERIORATION OF THE BUILDING WE WOULD BE LOOKING AT A COST OF APPROXIMATELY \$2M IN THE NEXT YEAR AND A HALF IN REPAIRS JUST TO KEEP THE FACILITY OPERATIONAL. THOSE COSTS WILL CONTINUE EACH YEAR AS THE CURRENT BUILDING CONTINUES TO AGE. DR. BOOKOUT CONCLUDED THAT WITH THE BUILDING BEING OFF LINE FOR AN ACADEMIC YEAR THE STUDENTS AFFECTED WILL BE ABSORBED BACK INTO THE OFFERINGS AVAILABLE ON CAMPUS AND ON THE LOCAL ECONOMY. THERE BEING NO FURTHER DISCUSSION, MR. HARRISON CALLED FOR A VOTE. THE MOTION PASSED BY THE FINANCE COMMITTEE.

The Finance Committee adjourned and the chair called the full Board meeting back into session.

- **Preliminary Authorization and Issuance of Series 2013 Bonds**

Having presented the Alumni Hall recommendation to the Board Finance Committee, Mr. Harrison was called upon to make the Financial Committee report.

ACTION: MR. HARRISON, ON BEHALF OF THE FINANCE COMMITTEE, OFFERED AS A MOTION THE SERIES 2013 BOND ISSUE FOR APPROVAL TO AUTHORIZE THE CHANCELLOR TO MOVE FORWARD WITH THE ALUMNI HALL PROJECT. MR. HIGGINS PROVIDED A SECOND TO THE MOTION. THE CHAIR CALLED FOR DISCUSSION. THERE BEING NONE, THE SERIES 2013 BOND ISSUE RESOLUTION 1 WAS ADOPTED.

RESOLUTION NO. 1

SERIES 2013 BONDS

Preliminary Authorization and Issuance of Series 2013 Bonds. This preliminary Resolution constitutes an acknowledgment by the Board of a Series Resolution under the General Bond Resolution in order to provide for the issuance of the Series 2013 Bonds.

Pursuant to the authorization to do so contained in the General Bond Resolution and in Section 16-3-28, Code of Alabama (1975), as amended, the Series 2013 Bonds are hereby authorized to be issued, as one or more series of Bonds under the General Bond Resolution, in an aggregate principal amount currently estimated at \$10,000,000, but not to exceed \$20,000,000.

The Series 2013 Bonds shall be issued, if at all, subject to the discretion of the Chancellor and Treasurer, in consultation with the University's financial professionals, based on prevailing market conditions at the time or times of the proposed sale thereof. The issuance of any part or sub-series of the Series 2013 Bonds shall in itself conclusively evidence the determination by the Chancellor and the Treasurer that market conditions at that time warranted the issuance of that part or sub-series of the Series 2013 Bonds. The Series 2013 Bonds may be sold by public or private sale at the discretion of the Chancellor and Treasurer, in consultation with the University's financial professionals, and the Chancellor and Treasurer are authorized to take any actions necessary to conduct a private or public sale of the Series 2013 Bonds as they may deem appropriate.

Subject to the conditions set forth, the Board hereby authorizes and entrusts the Chancellor and Treasurer to determine or prescribe, in the Series 2013 Determination Document, which shall constitute an integral part of this Series Resolution, such of the other terms, provisions and other matters relative to the Series 2013 Bonds enumerated in Section 2.4(c) of the General Bond Resolution as they deem necessary or desirable. The net interest cost of any Series 2013 Bonds issued as a series of Tax-Exempt Bonds shall not exceed 5.50% and the net interest cost of any Series 2013 Bonds issued as a series of Taxable Bonds shall not exceed 7.50%.

ENDORSEMENT

Approved by the Board of Trustees of Troy University this 15th day of October, 2013.

President pro tempore of the Board of Trustees

V. Committee Composition, Senator Gerald Dial

Senator Dial said that Mr. Nailen discussed with him the Board's committee structure saying that some of the committees had duplication and some were meeting at the same time which prevented some committee members to attend both committee meetings. Senator Dial added that he asked Dr. Doug Patterson to review the committee process. He added that the proposed committee structure he was sharing today did not require any action but from today forward would provide clarity. Senator Dial said that the committee structure (reflected below) shows the current committee structure as well as the proposed structure. It was noted that the document also lists the executive support for each committee. Senator Dial expressed his appreciation to Mr. Nailen for bringing this to his attention.

A discussion ensued concerning the fact that the committee structure had not been reviewed by the Bylaws Committee. Therefore, Mr. Higgins made the following motion.

ACTION: MR. HIGGINS MOVED THAT THE PROPOSED COMMITTEE STRUCTURE BE FORWARDED TO THE BYLAWS COMMITTEE, COMPRISED OF MR. HIGGINS, MRS. CARTER, AND MR. LATTA. THE CHAIR PROVIDED A SECOND TO THE MOTION. THERE BEING NO DISCUSSION THE MOTION PASSED.

**Board of Trustees
 Proposed Committee Structure
 2013**

CURRENT STRUCTURE	PROPOSED STRUCTURE	EXECUTIVE SUPPORT
<u>Executive Committee</u> Gerald Dial, Chair John Harrison, Vice Chair Karen Carter Allen Owen	<u>Executive Committee</u> Same	Dr. Jack Hawkins
<u>Finance Committee</u> John Harrison, Chair Roy Drinkard, Vice Chair Allen Owen Gibson Vance Charles Nailen	<u>Finance & Development Committee</u> John Harrison, Chair Roy Drinkard, Vice Chair Allen Owen Gibson Vance Charles Nailen	Dr. Jim Bookout Dr. John Schmidt
<u>Academic Affairs</u> Karen Carter, Chair Lamar P. Higgins Charles Nailen Forrest Latta SGA President	<u>Academic Committee</u> Karen Carter, Chair Lamar P. Higgins Forrest Latta Ed Crowell Charles Nailen SGA President	Dr. Earl Ingram
<u>Athletic Committee</u> Allen Owen, Chair John Harrison, Vice Chair Gibson Vance Ed Crowell Lamar P. Higgins	<u>Athletic Committee</u> Allen Owen, Chair John Harrison, Vice Chair Gibson Vance Ed Crowell Lamar P. Higgins	Mr. John Hartwell
<u>Long-Range Planning Committee</u> Charles Nailen, Chair Ed Crowell, Vice Chair Lamar P. Higgins Karen Carter	<u>Long-Range Planning & Government Affairs</u> Charles Nailen, Co-Chair Gibson Vance, Co-Chair Karen Carter Doug Hawkins Forrest Latta Roy H. Drinkard	Dr. John Dew Dr. John Schmidt

CURRENT STRUCTURE	PROPOSED STRUCTURE	EXECUTIVE SUPPORT
<u>Development Sub-Committee</u> Roy Drinkard, Chair Forrest Latta Allen Owen Karen Carter Ed Crowell	<u>Development Sub-Committee</u> Deleted	
<u>Student Affairs Committee</u> Lamar P. Higgins, Chair Forrest Latta, Vice Chair Karen Carter Allen Owens SGA President	<u>Student Affairs Committee</u> Lamar P. Higgins, Chair Forrest Latta Roy Drinkard Ed Crowell SGA President	Dr. John Dew
<u>Ad Hoc Governmental Affairs Committee</u> Gibson Vance, Chair Karen Carter Charles Nailen John Harrison Ed Crowell	<u>Ad Hoc Governmental Affairs Committee</u> Deleted	

Trustees and Committee Appointments (2013)	
CURRENT	PROPOSED
<u>Gerald Dial</u> (1) Executive Committee Ex-officio All Committees	<u>Gerald Dial</u> (1) Executive Committee Ex-officio All Committees
<u>John Harrison</u> (3) Executive Committee Finance Committee Athletic Committee	<u>John Harrison</u> (3) Executive Committee Finance & Development Committee Athletic Committee
<u>Karen Carter</u> (5) Executive Committee Academic Affairs Committee Long-Range Planning Committee Student Affairs Committee Development Committee	<u>Karen Carter</u> (3) Executive Committee Academic Affairs Committee Long-Range Planning & Governmental Affairs
<u>Allen Owen</u> (5) Executive Committee Finance Committee Athletic Committee Student Affairs Committee Development Committee	<u>Allen Owen</u> (3) Executive Committee Finance & Development Committee Athletic Committee
<u>Roy Drinkard</u> (2) Finance Committee Development Committee	<u>Roy Drinkard</u> (3) Finance & Development Committee Student Affairs Committee Long-Range Planning & Governmental Affairs Committee
<u>Charles Nailen</u> (3) Finance Committee Academic Affairs Committee Long-Range Planning Committee	<u>Charles Nailen</u> (3) Finance & Development Committee Long-Range Planning & Governmental Affairs Committee Academic Affairs Committee
<u>Gibson Vance</u> (3) Finance Committee Governmental Affairs Committee Athletic Committee	<u>Gibson Vance</u> (3) Finance & Development Committee Long-Range Planning & Governmental Affairs Committee Athletic Committee

<u>Ed Crowell (3)</u> Athletics Committee Long-Range Planning Committee Development Committee	<u>Ed Crowell (3)</u> Athletics Committee Academic Affairs Committee Student Affairs Committee
<u>Lamar P. Higgins (4)</u> Academic Affairs Committee Athletic Committee Long-Range Planning Committee Student Affairs Committee	<u>Lamar P. Higgins (3)</u> Academic Affairs Committee Student Affairs Committee Athletics
<u>Forrest Latta (3)</u> Academic Affairs Committee Student Affairs Committee Development Committee	<u>Forrest Latta (3)</u> Academic Affairs Committee Student Affairs Committee Long-Range Planning & Governmental Affairs Committee
<u>R. Douglas Hawkins</u> Ex-Officio on All Committees	<u>R. Douglas Hawkins (1)</u> Long-Range Planning & Governmental Affairs Committee Ex-Officio on All Committees
<u>SGA President ((2)</u> Student Affairs Committee Academic Affairs Committee	<u>SGA President (2)</u> Academic Affairs Committee Student Affairs Committee

VI. Employment Extension, Senator Dial

Senator Dial stated that the Executive Committee of the Board gave him the option to negotiate the new contract extension for the Chancellor and that has been accomplished. Senator Dial added that everyone who wanted it had a copy of contract.

ACTION: SENATOR DIAL ENTERTAINED A MOTION TO EXTEND THE CONTRACT WITH THE CHANCELLOR FOR FOUR MORE YEARS. MR. NAILEN MADE A MOTION TO TABLE THIS ITEM UNTIL THE EXECUTIVE SESSION. A SECOND TO THE MOTION WAS MADE BY MR. HIGGINS. THE CHAIR CALLED FOR A VOTE AND THE MOTION PASSED WITH ONE NO VOTE RECORDED FOR MR. OWEN.

VII. Executive Session—Personnel

The chair called for a motion to go into Executive Session.

ACTION: MR. HIGGINS SO MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING THE GOOD NAME AND CHARACTER OF INDIVIDUALS AND PERSONNEL MATTERS. MR. OWEN PROVIDED A SECOND AND THE BOARD CONVENED INTO EXECUTIVE SESSION.

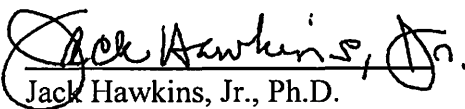
Following the Executive Session, the Board reconvened and the following action was taken.

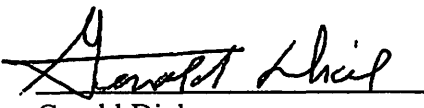
ACTION: ON A MOTION BY MR. NAILEN, SECONDED BY MRS. CARTER, TO EXTEND THE CHANCELLOR'S CONTRACT FOR FOUR YEARS, THE MOTION PASSED BY UNANIMOUS VOTE.

VIII. Adjournment

The chair called for a motion to adjourn.

ACTION: ON A MOTION BY MR. HIGGINS AND SECONDED BY MR. OWEN, THE MEETING ADJOURNED.


Jack Hawkins, Jr., Ph.D.
Chancellor and
Secretary of the Board of Trustees
Troy University


Gerald Dial
President pro tempore,
Board of Trustees
Troy University